

Exhibit 59

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Insulin price hikes aren't sweet

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A key feature of Republican plans to replace Obamacare is allowing market forces to boost innovation and competition among healthcare providers.

"Unleashing the power of choice and competition is the best way to lower healthcare costs and improve quality," declares House Speaker Paul Ryan in his conservative manifesto "A Better Way."

The problem with that, however, is that the healthcare industry -- hospitals, drug companies, insurers -- have worked tirelessly to prevent the medical marketplace from functioning with sufficient transparency and efficiency to allow consumers to benefit from classic supply-and-demand economics.

Instead, the opaque and frequently unfathomable healthcare market promotes runaway corporate greed that often can be countered only by shaming businesses into behaving fairly and responsibly.

Insulin is a perfect example.

Pharmaceutical giant Eli Lilly announced last week that people with diabetes in high-deductible insurance plans or who are otherwise paying full price for insulin will be eligible for a 40% discount. The move follows Danish insulin maker Novo Nordisk announcing that it will limit annual price increases to single digits.

However, it's not like the companies' CEOs woke up one day and realized they'd been taking advantage of the chronically ill.

Rather, they're facing heat from lawmakers and are desperate to make a show of sensitivity before anyone demands that they appear on Capitol Hill to explain themselves -- as other drugmakers have been forced to do.

Sen. Bernie Sanders and Rep. Elijah Cummings said in a letter to the Justice Department and Fair Trade Commission last month that officials need to look into whether drug companies "colluded or engaged in anticompetitive behavior" in setting insulin prices.

"The original insulin patent expired 75 years ago," they noted. "Instead of falling prices, as one might expect after decades of competition, three drugmakers who make different versions of insulin have continuously raised prices on this lifesaving medication."

Eli Lilly, Novo Nordisk and Sanofi account for almost the entire \$21 billion U.S. insulin market.

Concerns about price gouging by insulin makers match similar charges that the drug company Mylan took advantage of people with severe allergies by repeatedly jacking up the price of its EpiPens.

Mylan said Friday that it would release a "generic" version of the EpiPen that will cost \$300, or about half the price of the branded version -- but still three times as much as what the EpiPen sold for in 2008.

President-elect Donald Trump told Time magazine that he intends to address the high cost of prescription meds, although he offered no specifics. "I don't like what has happened with drug prices," he said.

Both insulin and EpiPens -- not to mention numerous other drugs that have seen stratospheric price hikes in recent years -- illustrate the pitfalls of America's free market for healthcare.

With virtually no limits on what can be charged for medicine, drug companies have imposed a series of price increases with no seeming justification other than to enrich executives and shareholders at the expense of patients.

(Full disclosure: I have Type 1 diabetes and require daily insulin injections. The vast majority of people with diabetes worldwide have Type 2, which can be treated in multiple ways.)

Competition, expired patents and the growing number of insulin users should result in significant price reductions. But the U.S. drug market seems immune to basic laws of economics, which is why the Republicans' market-driven "Better Way" is doomed from the start.

Drug companies respond only to the public embarrassment of being caught exploiting the misfortunes of the sick, which can be bad for share prices.

Thus, after years of making their customers pay more and more for lifesaving medication, insulin makers now want to be seen as patients' partners in managing their condition.

"We understand the burden people face when paying full price for insulin," Mike Mason, vice president of Lilly Diabetes, said in a statement.

Novo Nordisk's U.S. president, Jakob Riis, sounded a similarly empathetic note in announcing his company's commitment to limiting price increases.

"We recognize that people with diabetes are finding it harder to pay for their healthcare, including the medicines we make," he said. "As a company focused on improving the lives of people with diabetes, this is not acceptable."

The executives' commitment to customers' well-being would be more believable if their list prices for a single vial of insulin hadn't soared by about 500% since 2001, according to figures provided to me by Truven Health Analytics.

A 10-milliliter vial of Novo Nordisk's Novolog cost \$39.75 in 2001, according to Truven. As of last year, that same vial of insulin was selling for \$236.70.

And despite what Republicans may say, Obamacare isn't the culprit. The Affordable Care Act was signed into law in 2010. Truven's figures show that the price of Novolog rose more than 150% from 2001 to 2010.

The price of Lily's Humalog climbed 170% during the same period. Sanofi's Lantus jumped 185%.

Novo's Riis told me there's no reason why his company is suddenly stepping up on pricing.

"No particular event triggered it," Riis said. "We realized it was time to go public with some of our internal discussions."

He argued that list prices for insulin are deceptive, with customer rebates and negotiations with insurers and pharmacy benefit managers lowering the final price.

However, he acknowledged that growth in high-deductible insurance plans has exposed more people with diabetes to full prices for insulin.

I asked if price cuts are under consideration. Riis answered that "we're not going to speculate on where things could go."

I took that for a no.

Lily spokesman Gregory Andrew Kueterman suggested that the government shouldn't meddle in pricing.

"The more the industry can self-regulate on the cost of medicines, the better we can discuss the tremendous value these medicines offer patients and the healthcare system," he said.

Kueterman said we should let the market perform its magic.

"We must do all we can to encourage innovation and competition so that more medicines can reach the market," he said.

The Republicans are saying the same thing. But that's how we got into this mess in the first place.

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PHOTO: BOTH INSULIN and EpiPens illustrate the pitfalls of America's free market system for healthcare.

PHOTOGRAPHER: Franck Fife AFP/Getty Images

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